



HISTORY

of the

Department of Housing and Community Development

Provide leadership, policies and programs to expand safe and affordable housing opportunities and promote strong communities for all Californians



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State of California

Arnold Schwarzenegger, Governor
Dale E. Bonner, Secretary,
Business, Transportation and Housing
Lynn L. Jacobs, Director, HCD



Department of Housing and Community Development (HCD)

HCD'S HISTORY

The Department of Housing and Community Development's history is derived directly from Californians' respect for human life and their desire to provide acceptable human living conditions by establishing minimum housing conditions for all residents, particularly those who are entry level wage earners. The Department and its predecessor agencies have pursued this ideal by implementing laws and programs for tenement housing, labor camps, car and mobilehome parks, housing construction standards, housing development financing, and land zoning which promote safe and affordable housing opportunities for all Californians. Our state's history demonstrates that an unrestricted free housing market leads to degrading and unsafe conditions that are not conducive to producing good citizens.

Early in the 1900s, State leaders recognized the increasing problem of unhealthy and unsanitary housing conditions in California's cities. To improve these conditions and promote a higher quality of life for its residents, the Legislature enacted the State Tenement House Act in 1909, which authorized local building officials to enforce minimum sanitation and safety standards in the state's urban tenements. Although the Act did not provide for a statewide housing entity, it marked the State's first step into housing regulation and oversight.

COMMISSION OF IMMIGRATION AND HOUSING

The State's next step came only a few years later in response to the poor sanitation conditions in labor camps. At the time, there were two general labor camps types, agricultural (ranches and farms) and industrial (lumber, mining, railroads, and canneries). Because there were no governmental housing standards for labor camps, workers lived, ate, and slept in whatever conditions were provided, often without bathing facilities, cooking facilities, or adequate shelter.

On August 10, 1913, Governor Hiram Johnson changed this when he signed the State's first labor camp sanitation act and provided enforcement authority to the State Board of Health. However, just prior to the new act's effective date, workers rioted at the Durst Brothers hop ranch near Wheatland on August 3, 1913. During the riot, four men were killed, including the Yuba County District Attorney and a deputy sheriff, and the state militia was sent to restore the peace. In response to the riot and public concern, Governor Johnson directed the Commission of Immigration and Housing (which was created on June 12, 1913 to

study the condition, welfare, and industrial opportunities of immigrants) to investigate the Wheatland riot and report on its causes. The Commission's report concluded that the worker riot was caused by poor housing and sanitary conditions in the labor camp and that similar conditions were prevalent in other camps throughout the state. With the consent of the Board of Health, the Commission assumed responsibility for inspecting labor camps and correcting unsatisfactory conditions.

Between 1915 and 1921, the labor camp housing statutes were amended several times to formally give the Commission inspection and investigation authority and establish minimum standards. Among other things, the law required labor camp operators to appoint a responsible person to keep each camp clean and also provide suitable beds and sleeping areas, cooking facilities, bathing and toilet facilities, and garbage receptacles. Because the original conditions were so poor, the Commission's original efforts were primarily educational. Employers were persuaded that good camps would provide them healthier, happier, and more efficient workers. Workers were implored not to abuse the equipment and facilities. The Commission also provided technical assistance to camp operators by selecting camp locations and preparing plans for both new and remodeled camps.

During the late 1910s, the Commission was not only focusing its efforts on labor camps, but was also examining the living conditions of the state's general public. The Commission was concerned that poor housing conditions promoted poor citizenship. After studying the State's existing housing laws and consulting with interested parties, the Commission determined that the housing laws were inadequate and should be reformed. To help gain consensus on the issues and develop appropriate amendments, the Commission convened "housing institutes" to meet throughout the state. Participants included city officials (building inspectors, fire chiefs, health officers) and building and resident organizations.

The resulting reforms expanded the regulation of housing to tenement houses, dwellings, and hotels and authorized the Commission to enforce the laws if the local authority failed to. These reforms were passed by the Legislature in 1917. In 1923, these reforms were extended to tenement houses and hotels in the state's unincorporated areas and all the provisions were combined into the State Housing Act. The Commission again used the "housing institute" procedure to develop the 1923 amendments, and in future years whenever it determined that the existing housing laws needed further amending.

DEPARTMENT OF INDUSTRIAL RELATIONS, DIVISION OF HOUSING AND SANITATION

In 1927, the Commission of Immigration and Housing and several other State entities were reorganized to create a new state department, the Department of Industrial Relations, to enforce the State's labor laws. The new Department consisted of five divisions: Division of Industrial Accidents and Safety, Division of Labor Statistics and Law Enforcement, Division of State Employment Agencies, Division of Industrial Welfare, and Division of Housing and Sanitation. The

Commission's authority was transferred to the new Division of Housing and Sanitation and the Commission was recast as an advisory group.

With the increased number of automobiles, and their expanded use for shelter, the State initiated its regulation of automobile camps in 1920 when the Department of Public Health adopted regulations regarding camp space size, water supply, fire protection, sewage and refuse disposal, construction and maintenance of buildings, and penalties for non-compliance. While labor camp standards were enforced by the Commission of Immigration and Housing, the automobile camp regulations placed enforcement responsibility on automobile camp management.

The enforcement responsibilities changed in 1929, when the Legislature enacted the Auto Camp Act to regulate automobile camp construction and maintenance in the state's unincorporated areas, and provided the Department of Industrial Relations' Division of Housing and Sanitation the enforcement authority because of its prior experience and success in regulating labor camps. Ultimately, the State expanded the Auto Camp Act and its successor statutes to regulate trailer camps, resorts, motels, and mobilehome parks.

In 1945, the Division of Housing and Sanitation was renamed the Division of Housing and in 1961 the statutes were amended to give the Division all of the Commission's powers.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

On September 17, 1965, the Legislature created the Department of Housing and Community Development (HCD) to: (1) promote and maintain adequate housing and decent living environments for all California citizens; (2) protect public health and safety by developing and enforcing statewide minimum construction regulations for all types of housing; and (3) serve as a catalyst in seeking solutions to California's housing and community development problems through technical assistance, advice, research and dissemination of information to citizens, industry, and government entities. To meet these housing goals, the Division of Housing was transferred from the Department of Industrial Relations to HCD, where it became the Division of Building and Housing Standards, and a second division was established within HCD - the Division of Housing and Community Development. The legislation also created the nine-member Commission of Housing and Community Development to provide policy guidance to the Department and adopt any necessary regulations.

The 1965 legislation limited the existence of the new Commission and Department to four years by including a 1969 sunset date for their operation. The Legislature eventually extended the sunset dates for four years both in 1968 and 1971. The 1971 legislation also renamed the Division of Building and Housing Standards as the Division of Codes and Standards and Division of Housing and Community Development as the Division of Research and Assistance.

In 1975, the Legislature passed the Housing and Home Finance Act, which along with creating the California Housing Finance Agency (CalHFA), permanently established and significantly reorganized HCD. The legislation made little change to the Division of Codes and Standards, which still maintained its responsibility to provide California residents with safe and sanitary living conditions by developing and enforcing adequate building and housing standards. However, the legislation established the Division of Community Affairs to improve State efforts to provide local communities with technical assistance (i.e., program and funding availability, eligible activities, etc.) to better utilize public funds to improve and expand their housing stock. A third division created by the legislation, the Division of Research and Policy Development, was charged with developing a state housing policy, including a Statewide Housing Plan, to meet California's overall housing needs.

To reduce unnecessary time delays, duplicated efforts, and State costs, the Legislature dissolved the Commission on Housing and Community Development in 1981 and transferred its duties to the Department.

DIVISION OF CODES AND STANDARDS

The history of the Division of Codes and Standards and the State Housing Law is generally the history of the Department's predecessor agencies. HCD and the previous State housing entities focused primarily on creating acceptable human living conditions by developing and promoting minimum statewide health and safety standards.

THE STATE HOUSING LAW

From the original State Tenement House Act in 1909, the State developed the minimum standards, but always charged local authorities with the responsibility to enforcing them.

However, in 1953 the Legislature altered this relationship by giving local governments the ability to enact and enforce local minimum standards, if the local standard was more stringent than the State requirement and the local authority notified the appropriate state agency that the ordinance was in force and effect.

In 1961, the Legislature reorganized and reformed the old State Housing Act and renamed it the State Housing Law. The legislation made two significant changes to the previous law. First, the State Housing Law now applied to all apartments, hotels, and dwellings across the entire state, because counties were required to apply State standards to its housing. Second, instead of adopting standards through the Legislature, the Department of Industrial Relations, through its Division of Housing, was given the authority to adopt the standards through the regulatory process. The 1961 reforms still charged local authorities with enforcement and allowed local rules and regulations imposing restrictions equal to or greater than the State's.

MOBILEHOME PARKS

The State initiated its regulation of automobile camps in 1920 when the Department of Public Health adopted regulations regarding camp space size, water supply, fire protection, sewage and refuse disposal, construction and maintenance of buildings, and penalties for non-compliance. The regulations placed the responsibility of enforcement on automobile camp management. In 1929, the Legislature enacted the Auto Camp Act to regulate automobile camp construction and maintenance in the state's unincorporated areas. The legislation gave the Department of Industrial Relations' Division of Housing and Sanitation the enforcement authority because of its prior experience and success in regulating labor camps.

With the introduction of trailers in the 1930s, the State determined that these too should fall under the provisions of the Auto Camp Act. In 1939, the Auto Camp Act was amended to specifically regulate the new "trailer camps."

1947 saw the first substantial amendments to the Auto Camp Act. The reforms included a designation for "motels" and substituted the term "park" for camp and renamed that law as the Auto Courts, Resorts and Motels, Auto and Trailer Parks Act. While the provisions regarding the auto and trailer parks were expanded to statewide application, the parts relating to auto courts, resorts, and motels were still only enforced in the state's unincorporated areas. Furthermore, the new act allowed cities and counties to enact requirements equal to or more stringent than the State regulations for auto and trailer parks.

In July 1961, the Legislature repealed the provision regarding trailer parks and enacted a new Mobilehomes and Mobilehomes Park Act to regulate the construction and operation of mobilehome parks in California. In the new act, the Legislature specified that State law superseded any local mobilehome ordinances and provided that cities and counties could assume responsibility to enforce the law if they desired.

With the adoption of new mobilehome installation inspection requirements in 1973, the Legislature determined that annual mobilehome park maintenance inspections were no longer necessary and repealed the requirement that HCD or a local jurisdiction inspect each park annually. Mobilehome advocates believed that because park inspectors were going to be in the parks conducting installation inspections, the inspectors would be able to identify Mobilehome Park Act violations without having to make annual park inspections.

Unfortunately, the elimination of the annual park inspections contributed to increasing health and safety problems in mobilehome parks during the 1980s. In response, resident groups, park owner groups, and HCD cooperated in passing new legislation in 1990 to require that all mobilehome parks have maintenance inspections once every five years. This requirement has since been amended to require park inspections once every seven years.

MOBILEHOMES

In 1957, at the instigation of the manufacturers' organization, then known as the California Trailer Coach Association, California became the first state in the nation to enact statewide health and safety standards for mobilehomes. The first regulations were adopted in 1958 and covered plumbing, heating, and electrical systems. The next year, the law was amended to preempt local mobilehome standards, by specifically stating that mobilehomes constructed to State standards could not be required to comply with local regulations.

In June 1975, the federal government adopted mobilehome construction and safety standards that pre-empted California's standards. However, the federal standards were based on the National Fire Protection Association's model mobilehome standards, which in turn were based entirely on California's standards.

California made several changes in the early 1980s to promote mobilehomes as houses instead of vehicles. In July 1981, the State transferred the jurisdiction for registering and titling mobilehomes from the California Department of Motor Vehicles to HCD. Not only did this reconfirm the State's commitment to mobilehomes as an affordable housing stock, but also provided mobilehome owners new financing opportunities.

DIVISION OF FINANCIAL ASSISTANCE

From HCD's creation in September 1965, until its reorganization in 1975, the responsibilities of the Divisions of Community Affairs (later renamed the Division of Financial Assistance) and Housing Policy Development were combined in one division. That division's principle activities were statewide policy planning and technical assistance for local governments establishing redevelopment agencies and housing authorities.

The current Division of Financial Assistance was created as the Division of Community Affairs in the Housing and Home Finance Act of 1975. At that time, Community Affairs was directed to provide technical assistance to local communities seeking to improve and expand their housing stock. The Division operated four primary assistance programs: a California Indian assistance program that provided technical assistance to tribal housing authorities, reservations, and rancherias in developing housing and communities; an economic development program that helped local governments assess economic needs and develop implementation plans to administer U.S. Government Economic Development Administration grants; housing production assistance for local communities and sponsors to develop local housing projects utilizing federal funds; and technical assistance for low and moderate income housing development for communities lacking necessary staff.

By 1988, the Division of Community Affairs' activities expanded from these four programs to 21. New programs included rural development assistance,

farmworker homeownership, migrant center construction and operation, homeowner and rental unit rehabilitation, rental housing construction, shared equity homeownership, mobilehome park resident ownership, emergency and transitional homeless shelters, and disaster assistance. During this time, Community Affairs program assistance increased from \$1 million to nearly \$100 million.

The Division continued its growth when California voters approved three major housing development and preservation bond initiatives (Proposition 77 and Proposition 84 in 1988, and Proposition 107 in 1990), which allocated \$550 million to the Division for housing activities.

A new era began for the Division in November 2002, when voters approved statewide Proposition 46, which authorized \$2.1 billion in state bonds for a variety of new housing investments, \$1.765 billion of which was entrusted to HCD. The Division's annual totals of loans and grants awarded rose from about \$150 million in fiscal year 1999-2000, to over \$550 million in each of the next three fiscal years. It was during this period that the Division of Community Affairs was renamed the Division of Financial Assistance to more accurately describe its primary function.

The awarding of the last of HCD's Proposition 46 funds in 2007 did not mean the end of the new era. The higher tempo was continued by the Governor, the Legislature, and the voters when Proposition 1C was approved in November 2006. This new bond measure authorized an additional \$2.5 billion, most of which was again assigned to HCD to be invested in affordable housing. During fiscal year 2006-2007, as the implementation of Proposition 1C got underway, the Division operated or participated in 20 active loan, grant, and tax credit financing programs.

FEDERAL PROGRAMS

In addition to overseeing State housing programs, the Division of Financial Assistance also administers several programs for the federal government.

The Division started administering the federal Community Development Block Grant (CDBG) program for non-entitlement cities and counties throughout the state in 1983. Non-entitlement jurisdictions are cities and counties under a specified population level that do not automatically receive CDBG funds directly from the federal government. Instead, jurisdictions apply to the Division of Financial Assistance for available CDBG funds. CDBG funds may be utilized for a variety of needs, but must meet specific housing, economic development, or planning/technical assistance criteria.

After the enactment of the National Affordable Housing Act of 1990, HCD was designated the administrator of the Home Investment Partnership Program (HOME) funds authorized by the Act. Cities and counties that do not receive HOME allocations directly from the federal government, as well as community housing organizations within these jurisdictions, are eligible to apply to the

Division of Financial Assistance for available HOME funds. HOME funds which may be used for housing new construction, acquisition, rehabilitation, and tenant-based rental assistance.

Financial Assistance also administers federal Emergency Shelter Grant funds for homeless shelters, and acts as a housing authority in twelve rural counties that do not have housing authorities of their own, to manage federal Housing Choice Voucher (formerly Section 8) rent assistance funds. In fiscal 2005-2006, for example, the Division awarded approximately \$156 million in federal funds, as part of total awards of more than \$564 million.

DIVISION OF HOUSING POLICY DEVELOPMENT

From HCD's creation in September 1965, until its reorganization in 1975, the responsibilities of the current Divisions of Housing Policy Development and Community Affairs were combined in one division. That division's principle activities were statewide policy planning and technical assistance for local governments establishing redevelopment agencies and housing authorities.

HOUSING ELEMENT

Since 1965, State law has required all cities and counties to prepare general plans to serve as each jurisdiction's blueprint for growth. Housing elements have been mandatory portions of general plans since 1969. This reflects the statutory recognition that the availability of housing is a matter of statewide importance and that cooperation between government and the private sector is critical to attainment of the State's housing goals. The regulation of the housing supply through planning and zoning powers affects the State's ability to achieve its housing goal of "decent housing and a suitable living environment for every California family" and is critical to the State's long-term economic competitiveness. Unlike the other mandatory general plan elements, the housing element is required to be updated every five-six years and is subject to detailed statutory requirements and mandatory review by a State agency (HCD).

Housing element law requires local governments to adequately plan to meet their existing and projected housing needs including their share of the regional housing need. Housing element law is the State's primary market-based strategy to increase housing supply and choice. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land-use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing development.

At the direction of the Legislature, HCD prepared Housing Element Guidelines in 1971 to assist jurisdictions to adequately prepare their housing elements. The guidelines resulted from statewide hearings and stressed the importance of identifying local housing problems, setting goals to meet the local housing needs, and then taking action to accomplish their goals. The guidelines also emphasized the importance of periodic review and updating of the housing element and the need for citizen participation during the review and preparation.

In 1977, the Housing Element Guidelines were extensively revised to call for increased detail, and the concept of planning for a “fair share” of regional new construction need was incorporated. The 1971 Guidelines recognized that local housing policies and programs affect households living outside the local boundaries and that housing need was primarily a function of the general housing market. They explicitly addressed the issue by requiring housing elements to include a fair share of those households that did not current live in the jurisdiction, but whose housing opportunities were affected by local planning decisions and included consideration of expected population growth. The revised Guidelines also established a fair share allocation process to identify the housing needs to be included in the housing elements.

In 1980, Housing Element Guideline requirements were enacted into statute by AB 2853. The primary provisions of AB 2853 required local governments to: identify and analyze existing and projected housing needs, including regional housing needs, and an inventory of resources and constraints to the meeting of those needs; make a statement of goals, policies and quantified objectives; and discuss scheduled programs to construct, rehabilitate and conserve housing. Furthermore, HCD was mandated to review draft housing elements and local governments were required to consider HCD’s findings prior to adopting a final element. These requirements, with several amendments, remain as the standard for housing element development today.

STATEWIDE PLAN

As a part of housing element legislation enacted in 1970, the Legislature adopted the national goal of providing “a decent home and a suitable living environment for every family,” as a state housing goal and directed HCD to develop a California Statewide Housing Plan. The Statewide Housing Plan is generally prepared with an update of demographic and housing condition data following each decennial census, with other updates providing analyses of specific policies and actions.

The first Statewide Housing Plan was published in three phases between 1972 and 1974. Phases I and II summarized housing issues, population trends, and housing conditions identified by 1970 Census data. Phase III developed specific policy recommendations for State, local, and private action to meet the State’s housing and community development needs. Since publishing the original Statewide Housing Plan, HCD published new statewide housing plans in 1977, 1982, and 1987, as well as federal housing plans in 1991 and 1995 (see “Federal Planning”).

HCD published the first phase of its new Statewide Housing Plan in November 1996. The report, titled “Housing: California’s Foundation for Economic Growth,” sought to promote the far-reaching benefits of housing on California’s economy, discuss the conditions which slowed California’s housing recovery, and consider methods to improve California’s state of housing. The report identified 50 principles and made five findings to stimulate discussion among the housing

industry, local government, taxpayer groups and other interested groups concerned about making the American Dream a reality for more Californians.

The Department published the next Statewide Housing Plan in two phases, California Housing Markets, 1990-1997 (1998) and Raising the Roof, California Housing Development Projects and Constraints 1997-2020 (2000). Legislation was passed in 2005 requiring the Statewide Housing Plan to be updated every four years, with the next update scheduled for publication in 2009.

FEDERAL PLANNING

In adopting the National Affordable Housing Act in 1990, the federal government enacted planning requirements, modeled after California's housing element law and which encompassed a significant amount of California's Statewide Housing Plan in a new Comprehensive Housing Assistance Strategy (CHAS). For example, the State's analysis of housing needs identified by the 1990 Census, has included in the federal CHAS instead of a Statewide Housing Plan.

The CHAS required states to develop strategies to expend funds from four federal housing programs: Community Development Block Grant, HOME Investment Partnerships, Emergency Shelter Grant, and Housing Opportunities for Persons With AIDS. It also describes State efforts to coordinate with other housing and community development programs, such as lead-based paint abatement and anti-poverty strategies.

HCD prepares an annual Consolidated Plan update each May and submitted a new five-year Consolidated Plan in 2000. The first CHAS was submitted to the federal Department of Housing and Urban Development (HUD) in December 1991, with an update federal plan (renamed the "Consolidated Plan") submitted in May 1995.

State of California
California Department of Housing and Community Development
1800 Third Street
Sacramento, CA 95811
P.O. Box 952050
Sacramento, CA 94252-2050
(916) 445-4775
(916) 324-5107 fax

State of California
California Department of Housing and Community Development
1800 Third Street
Sacramento, CA 95814
P.O. Box 952050
Sacramento, CA 94252-2050
(916) 445-4775
(916) 324-5107 fax